



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4539

Introduced 1/31/2024, by Rep. Debbie Meyers-Martin

SYNOPSIS AS INTRODUCED:

See Index

Amends the Credit Services Organizations Act. Expands the list of prohibitions imposed on a credit services organization to include: (i) charging or receiving any money or other valuable consideration before providing services listed in the contract (rather than charging or receiving any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform); (ii) making a guarantee that a buyer's credit score or credit report will be improved through that buyer contracting with the credit services organization; (iii) adding an authorized user to a credit card account for payment of money or other valuable consideration; (iv) seeking an investigation by a third party of a trade line on a credit report without the authorization of the buyer; (v) failing to allow the buyer to cancel a contract with the credit services organization by phone call, email, text message, or a website; and other prohibitions as specified. In a provision concerning written statements a credit services organization must provide to a buyer before executing a contract or other agreement with the buyer, provides that, if a credit services organization agrees to provide services on a periodic basis, the organization must provide a detailed written description of those services that explains how the buyer will be billed in substantially equal periodic payments at fixed time intervals. In a provision requiring each written contract to include certain statements and information, provides that: (i) a statement alerting the buyer of the cancellation notice form attached to the contract must be written in at least 10-point boldface type; and (ii) the written contract must include a complete and detailed description of the services to be performed by the credit services organization and the total cost to the buyer for such services, including a detailed description on how a buyer will be billed for services provided by the credit services organization on a periodic basis. Requires a credit services organization to obtain a surety bond and adhere to certain procedures. Provides that the surety bond shall be maintained for a period of 5 (rather than 2) years after the date that the credit services organization ceases operations. Makes a change to the definition of "credit services organization".

LRB103 37633 SPS 67760 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Credit Services Organizations Act is
5 amended by changing Sections 3, 5, 6, 7, and 10 as follows:

6 (815 ILCS 605/3) (from Ch. 121 1/2, par. 2103)

7 Sec. 3. As used in this Act:

8 (a) "Buyer" means an individual who is solicited to
9 purchase or who purchases the services of a credit services
10 organization.

11 (b) "Consumer reporting agency" has the meaning assigned
12 by Section 603(f), Fair Credit Reporting Act (15 U.S.C.
13 Section 1681a(f)).

14 (c) "Extension of Credit" means the right to defer payment
15 of a debt or to incur a debt and defer its payment offered or
16 granted primarily for personal, family, or household purposes.

17 (d) "Credit Services Organization" means a person who,
18 with respect to the extension of credit by others and in return
19 for the payment of money or other valuable consideration,
20 provides, or represents that the person can or will provide,
21 any of the following services:

22 (i) improving a buyer's credit record, history, or
23 rating;

1 (ii) obtaining an extension of credit for a buyer; or
2 (iii) providing advice or assistance to a buyer with
3 regard to either subsection (i) or (ii).

4 "Credit Services Organization" does not include any of the
5 following:

6 (i) a person authorized to make loans or extensions of
7 credit under the laws of this State or the United States
8 who is subject to regulation and supervision by this State
9 or the United States, or a lender approved by the United
10 States Secretary of Housing and Urban Development for
11 participation in a mortgage insurance program under the
12 National Housing Act (12 U.S.C. Section 1701 et seq.);

13 (ii) a bank or savings and loan association whose
14 deposits or accounts are eligible for insurance by the
15 Federal Deposit Insurance Corporation or the Federal
16 Savings and Loan Insurance Corporation, or a subsidiary of
17 such a bank or savings and loan association;

18 (iii) a credit union doing business in this State;

19 (iv) a nonprofit organization exempt from taxation
20 under Section 501(c)(3) of the Internal Revenue Code of
21 1986, provided that such organization does not charge or
22 receive any money or other valuable consideration prior to
23 or upon the execution of a contract or other agreement
24 between the buyer and the nonprofit organization;

25 (v) a person licensed as a real estate broker by this
26 state if the person is acting within the course and scope

1 of that license;

2 (vi) a person licensed to practice law in this State
3 if rendering services to buyers as clients ~~acting~~ within
4 the course and scope of the person's practice as an
5 attorney;

6 (vii) a broker-dealer registered with the Securities
7 and Exchange Commission or the Commodity Futures Trading
8 Commission acting within the course and scope of that
9 regulation;

10 (viii) a consumer reporting agency; and

11 (ix) a residential mortgage loan broker or banker who
12 is duly licensed under the Illinois Residential Mortgage
13 License Act of 1987.

14 (e) "Person" means an individual, corporation,
15 partnership, joint venture or any business entity.

16 (Source: P.A. 88-120.)

17 (815 ILCS 605/5) (from Ch. 121 1/2, par. 2105)

18 Sec. 5. No credit services organization, its salespersons,
19 agents or representatives, or any independent contractor who
20 sells or attempts to sell the services of a credit services
21 organization shall:

22 (1) Charge or receive any money or other valuable
23 consideration before providing services listed in the contract
24 ~~prior to full and complete performance of the services the~~
25 ~~credit services organization has agreed to perform for or on~~

1 ~~behalf of the buyer, unless the credit services organization~~
2 ~~has, in conformity with Section 10 of this Act, obtained a~~
3 ~~surety bond issued by a surety company licensed to do business~~
4 ~~in this State. If a credit services organization is in~~
5 ~~compliance with this subsection the salespersons, agents, and~~
6 ~~representatives who sell the services of such organization~~
7 ~~shall not be required to obtain the surety bond provided for by~~
8 ~~this Act.~~

9 (2) Charge or receive any money or other valuable
10 consideration solely for the referral of a buyer to a retail
11 seller who will or may extend credit to the buyer if such
12 extension of credit is in substantially the same terms as
13 those available to the general public.

14 (3) Make, or advise any buyer to make, any statement that
15 is untrue or misleading, or that should be known by the
16 exercise of reasonable care to be untrue or misleading, with
17 respect to a buyer's credit reporting agency or to any person
18 who has extended credit to a buyer or to whom a buyer has made
19 application for an extension of credit.

20 (4) Make or use any untrue or misleading representations
21 in the offer or sale of the services of a credit services
22 organization or engage, directly or indirectly, in any act,
23 practice or course of business intended to defraud or deceive
24 a buyer in connection with the offer or sale of such services;
25 including but not limited to: the amount or type of credit a
26 consumer can expect to receive as a result of the performance

1 of the services offered; the qualifications, training or
2 experience of its personnel; or the amount of credit
3 improvement the consumer can expect to receive as a result of
4 the services.

5 (5) Guarantee that a buyer's credit score or credit report
6 will be improved through that buyer contracting with the
7 credit services organization.

8 (6) For payment of money or other valuable consideration,
9 add an authorized user to a credit card account.

10 (7) Seek an investigation by a third party of a trade line
11 on a credit report without the authorization of the buyer.

12 (8) Make any statement, or counsel or advise any buyer to
13 make any statement, the intended effect of which is to alter
14 the buyer's identification to prevent the display of the
15 buyer's credit record, history, or rating for the purpose of
16 concealing adverse information that is fair, accurate, and not
17 obsolete to any consumer reporting agency or to any person who
18 has extended credit to the buyer or to whom the buyer has
19 applied or is applying for an extension of credit.

20 (9) Engage, directly or indirectly, in any act, practice,
21 or course of business that constitutes or results in the
22 commission of, or an attempt to commit, a fraud or deception on
23 any person in connection with the offer or sale of the services
24 of the credit services organization.

25 (10) Fail to obtain a bond in the amount of \$100,000, which
26 shall be filed pursuant to Section 10 of this Act.

1 (11) Fail to allow the buyer to cancel a contract with the
2 credit services organization by phone call, email, text
3 message, or a website.

4 (12) Fail to permit the buyer to cancel a contract with the
5 credit services organization without obligation within 5
6 business days after the contract was signed by the buyer.

7 (13) Fail to provide the buyer with a copy of the fully
8 completed contract and all other documents the credit services
9 organization requires the buyer to sign at the time they are
10 signed.

11 (14) Fail to pay a buyer reasonable compensation of no
12 less than \$250 for trade line data reinserted in a credit
13 report that had previously been removed from the credit report
14 as a result of work performed by a credit services
15 organization, provided that: (A) the buyer notifies the credit
16 services organization of the reinserted trade line data on the
17 credit report; (B) the buyer authorizes the credit services
18 organization to obtain the credit report to confirm the
19 reinsertion of the trade line data; and (C) the previously
20 removed trade line data appears on the credit report.

21 (Source: P.A. 85-1384.)

22 (815 ILCS 605/6) (from Ch. 121 1/2, par. 2106)

23 Sec. 6. Before the execution of a contract or other form of
24 agreement between a buyer and a credit services organization
25 or before the receipt by any such organization of money or

1 other valuable consideration, whichever occurs first, such
2 organization shall provide the buyer with a statement, in
3 writing, containing the following:

4 (1) a complete and accurate statement of the buyer's
5 right to review any file on the buyer maintained by a
6 consumer reporting agency, as provided under the Fair
7 Credit Reporting Act (15 U.S.C. Section 1681 et seq.);

8 (2) a statement that the buyer may review his consumer
9 reporting agency file at no charge if a request therefor
10 is made to such agency within 30 days after receipt by the
11 buyer of notice that credit has been denied and if such
12 request is not made within the allotted time, the
13 approximate charge to the buyer for such review;

14 (3) a complete and accurate statement of the buyer's
15 right to dispute the completeness or accuracy of any item
16 contained in any file on the buyer maintained by a
17 consumer reporting agency;

18 (4) a complete and detailed description of the
19 services to be performed by the credit services
20 organization and the total cost to the buyer for such
21 services, and, if the credit services organization
22 provides services on a periodic basis, the description
23 shall explain how the buyer will be billed in
24 substantially equal periodic payments at fixed time
25 intervals;

26 (5) a statement notifying the buyer that: (i) credit

1 reporting agencies have no obligation to remove
2 information from credit reports unless the information is
3 unfair, inaccurate, or unsubstantiated, ~~erroneous, cannot~~
4 ~~be verified~~ or is more than 7 years old; and (ii) credit
5 reporting agencies have no obligation to remove
6 information concerning bankruptcies unless such
7 information is more than 10 years old;

8 (6) a statement asserting the buyer's right to proceed
9 against the surety bond required under Section 10; and

10 (7) the name and business address of any such surety
11 company together with the name and the number of the
12 account.

13 The credit services organization shall maintain on file,
14 for a period of 2 years after the date the statement is
15 provided, an exact copy of the statement, signed by the buyer,
16 acknowledging receipt of the statement.

17 (Source: P.A. 91-357, eff. 7-29-99.)

18 (815 ILCS 605/7) (from Ch. 121 1/2, par. 2107)

19 Sec. 7. (a) Each contract between the buyer and a credit
20 services organization for the purchase of the services of the
21 credit services organization shall be in writing, dated,
22 signed by the buyer, and shall include:

23 (1) a conspicuous statement in size equal to at least
24 10-point boldface ~~boldfaced~~ type, in immediate proximity to
25 the space reserved for the signature of the buyer, as follows:

1 "You, the buyer, may cancel this contract at any time
2 before midnight of the third day after the date of the
3 transaction. See the attached notice of cancellation form for
4 an explanation of this right";

5 (2) a complete and detailed description of the services to
6 be performed by the credit services organization and the total
7 cost to the buyer for such services, and, if the credit
8 services organization provides services on a periodic basis,
9 the description shall explain how the buyer will be billed in
10 substantially equal periodic payments at fixed time intervals
11 ~~the terms and conditions of payment, including the total of~~
12 ~~all payments to be made by the buyer, whether to the credit~~
13 ~~services organization or to another person;~~

14 (3) (blank); and ~~a full and detailed description of the~~
15 ~~services to be performed by the credit services organization~~
16 ~~for the buyer, including all guarantees and all promises of~~
17 ~~full or partial refunds, and the estimated date by which the~~
18 ~~services are to be performed or the estimated length of time~~
19 ~~for performing the services; and~~

20 (4) the address of the credit services organization's
21 principal place of business and the name and address of its
22 agent in the State authorized to receive service of process.

23 (b) The contract must have two easily detachable copies of
24 a notice of cancellation. The notice must be in boldface
25 ~~boldfaced~~ type and in the following form:

26 "Notice of Cancellation"

1 "You may cancel this contract, without any penalty or
2 obligation, within three days after the date the contract is
3 signed.

4 If you cancel, any payment made by you under this contract
5 will be returned within 10 days after the date of receipt by
6 the seller of your cancellation notice.

7 To cancel this contract, mail or deliver a signed, dated
8 copy of this cancellation notice, or other written notice to:

9 (name of seller) at (address of seller) (place of
10 business) not later than midnight (date)

11 I hereby cancel this transaction."

12

13 (date) (purchaser's signature)

14 (c) The credit services organization shall give to the
15 buyer a copy of the completed contract and all other documents
16 the credit services organization requires the buyer to sign at
17 the time they are signed.

18 (Source: P.A. 85-1384.)

19 (815 ILCS 605/10) (from Ch. 121 1/2, par. 2110)

20 Sec. 10. A ~~If a~~ credit services organization is required
21 to obtain a surety bond and must adhere to the following
22 procedures pursuant to paragraph (1) of Section 5 of this Act,
23 ~~the following procedures shall be applicable:~~

24 (a) A ~~If a bond is obtained,~~ a copy of the bond ~~it~~ shall be
25 filed with the Office of the Secretary of State.

1 (b) The required bond shall be in favor of the State of
2 Illinois for the benefit of any person who is damaged by any
3 violation of this Act. The bond shall also be in favor of any
4 person damaged by such practices. Any person claiming against
5 the bond for a violation of this Act may maintain an action at
6 law against the credit services organization and against the
7 surety. The surety shall be liable only for actual damages and
8 not the punitive damages permitted under Section 11-~~(b)~~ of this
9 Act. The aggregate liability of the surety to all persons
10 damaged by a credit services organization's violation of this
11 Act shall in no event exceed the amount of the bond.

12 (c) The bond shall be in the amount of \$100,000 and shall
13 be maintained for a period of 5 ~~2~~ years after the date that the
14 credit services organization ceases operations.

15 (Source: P.A. 85-1384.)

1 INDEX

2 Statutes amended in order of appearance

3	815 ILCS 605/3	from Ch. 121 1/2, par. 2103
4	815 ILCS 605/5	from Ch. 121 1/2, par. 2105
5	815 ILCS 605/6	from Ch. 121 1/2, par. 2106
6	815 ILCS 605/7	from Ch. 121 1/2, par. 2107
7	815 ILCS 605/10	from Ch. 121 1/2, par. 2110